



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

March 10, 2021

FISCAL AND POLICY NOTE

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin
Senior Legislative Budget and Policy Analyst

FROM: Arian Albear
Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CR-014-2021

CR-14-2021 (Proposed and introduced by: The Chair of the Council at the request of the County Executive)

Assigned to the Committee of the Whole

A RESOLUTION CONCERNING ADEQUATE PUBLIC SAFETY FACILITIES SURCHARGE for the purpose of approving a partial waiver of the adequate public safety facilities surcharge for all residential units of the mixed-use College Park Southern Gateway Project ("Southern Gateway").

Fiscal Summary

Direct Impact

Expenditures: No additional expenditures likely.

Revenue: \$518,367 in forgone public safety surcharge revenue.

Indirect Impact

Potentially positive.

Legislative Summary

CR-014-2021, proposed by the Council Chair at the request of the County Executive, was introduced and referred to the Committee of the Whole on 23 February 2021. CR-014-2021 would provide a 50% waiver of the \$2,638 public safety surcharge per unit within the Developed Tier for all 393 residential units in the College Park Southern Gateway Project.¹

Background/Current Law

Chapter 594 of the Laws of Maryland 2005 amended the Public Local Laws of Prince George's County to authorize the County Council to impose a public safety surcharge fee on new residential construction for which a preliminary plan has been approved on or after 1 July 2005 under Section 10-192.11 of the County Code.² The original State legislation³ was enacted by the County under CR-54-2006 for Fiscal Year 2007.

The surcharge is assessed on a "single-family detached dwelling, town house, or dwelling unit for any other building containing more than a single dwelling unit" in the amount of \$6,000 or \$2,000 if the construction project is in 1) the Transportation Service Area 1; **and** 2) an area included in a basic plan or conceptual site plan that abuts an existing or planned mass transit rail station site and complies with the requirements of any sector plan, master plan, or overlay zone.⁴ Revenue collected under the surcharge is intended to supplement rather than replace any existing funding and can therefore be used only on one-time projects, purchases, or payments rather than on any recurring debt.⁵

Revenue collected is distributed by the County's police, fire, and emergency medical services in the following ways as listed under Sec. 10-192.11(e)(2):

- (A) "At least twenty five percent (25%) of the revenue collected from a surcharge imposed on construction that is located in a municipal corporation that maintains a police department shall be distributed to that municipal corporation's police department.
- (B) The revenue collected from a surcharge imposed on construction that is located in the City of Laurel shall be distributed as follows:
 - (i) Fifty percent (50%) to Prince George's County fire and rescue services; and
 - (ii) Fifty percent (50%) to the Laurel police department for the construction or rehabilitation of public safety facilities or the purchase of equipment or communications devices used in connection with law enforcement."⁶

The following housing categories are exempt from the Public Safety Surcharge Fee:⁷

- Single-family detached dwelling to be built or subcontracted by an individual owner in a minor subdivision and that is intended to be used as the owner's personal residence⁸

¹ CR-014-2021, [Transmittal](#).

² Prince George's County Code, [Fee Schedule](#).

³ Maryland General Assembly, [House Bill 1129](#).

⁴ Prince George's County Code, Subdivision 4. – [Public Safety Surcharge](#).

⁵ For example: communication devices, fire fighting, or emergency services activities, including protective body armor, surveillance devices, weapons, ladder trucks, ambulances, police cruisers, and rescue vehicles.

⁶ Prince George's County Code, Subdivision 4. – [Public Safety Surcharge](#).

⁷ Ibid.

Furthermore, Section 4-352 on the County Code authorizes the County Council to adjust the surcharge each year in accordance to the Consumer Price Index for All Urban Consumers published by the United States Department of Labor from the previous fiscal year.⁹ CR-43-2020 established the public safety surcharge for Fiscal Year 2021 as \$2,638 for Construction in the Developed Tier and \$7,909 for all other buildings.

Section 10-192.11 also authorizes the governing body of the County to waive any surcharge imposed under Subsection (b)(1)(B).

Resource Personnel

David Ianucci, EDC Director

Discussion/Policy Analysis

Waiving County-established charges and fees is one of several ways in which counties may incentivize businesses to move to the area. Arguments for allowing waivers point to the long-term positive effects of more businesses or residents in an area, thereby increasing the tax-base over the benefits of a one-time fee. More housing and, specifically, more compact housing would increase transit-oriented development within the Developed Tier and help meet the County's Plan 2035.

On the other hand, waiving fees to businesses which would move to the County regardless of whether the fee is waived would only decrease the total revenue available for improved public services. Calculations on waiving surcharges may consider whether the waived amount would result in the business leaving or not establishing themselves in the area. Additionally, one should consider whether the increased demand for the public safety services results in an overall decline in quality of service as Police, Fire and EMS would now have to serve a greater number of residents.

According to the Resolution, under an Incentive Agreement entered into by the developer and the County, the developer is entitled to a 50% reduction and/or reimbursement of the applicable public safety surcharge fees (see page 2, lines 24-25). Council staff understands that staff from the Executive Branch and/or the Prince George's County Economic Development Corporation will provide additional details on the project to the Council at the March 11 Committee of the Whole meeting.

Fiscal Impact

Direct Impact

Adoption of CR-014-2021 will result in a negative fiscal impact to the County in the form of foregone public safety surcharge revenue. The Southern Gateway Project includes 393 units of multi-family residences, up to 78,669 square feet of additional retail space to accompany an existing 5,698 square foot restaurant – representing a 152 million dollar investment.

Adoption of CR-014-2021 may decrease the amount of funds available to service bonds and renovate, expand, or construct new public safety facilities (Police, Fire, and EMS). Assessing a \$2,638 public safety

⁹ Prince George's County Code, [Section 4-352](#).

surcharge per unit for all 393 residential units located in the Developed Tier would yield \$1,036,734. A 50% waiver of the surcharge fee would result in \$518,367 forgone money to the County.

\$2,638 x 393 units	=	\$1,036,734
50% waiver of \$1,036,734	=	\$518,367

Indirect Impact

Inasmuch as the investment serves to increase the general appeal of the area resulting in more economic activity for area businesses (such as restaurants and entertainment), there may be long-term indirect positive fiscal impacts for the County and the City of College Park.

Effective Date of Proposed Legislation

The proposed Resolution shall be effective on the date of adoption.

If you require additional information, or have questions about this fiscal impact statement, please reach out to me via phone or email.